HORNED CATTLE FUND

FINANCIAL STATEMENTS

For the Period April 1, 2016 to April 4, 2017

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Horned Cattle Fund, which comprise the statement of financial position as at April 4, 2017, and the statement of operations and accumulated operating surplus and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Horned Cattle Fund as at April 4, 2017, and the results of its operations, changes in accumulated operating surplus and its cash flows for the period then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
June 7, 2017

Judy Ferguson, FCPA, FCA
Provincial Auditor

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Statement 1

HORNED CATTLE FUND
STATEMENT OF FINANCIAL POSITION
As of April 4, 2017 and March 31, 2016

	April 4, 2017	March 31, 2016
Financial Assets:		
Due from General Revenue Fund (Note 4)	$ ---	$ 12,658
Accounts receivable	---	15,309
Accrued interest receivable	---	42
	$ ---	$ 28,009
Liabilities:		
Accounts payable	$ ---	$ 78
Net financial assets	$ ---	$ 27,931
Accumulated Operating Surplus (Statement 2)	$ ---	$ 27,931

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS(DEFICIT)
For the period April 1, 2016 to April 4, 2017 and the year ended March 31, 2016

	Budget 2017 (Note 5)	April 4, 2017	March 31, 2016
Revenues			
Deductions	$ 30,000	$ 31,744	$ 33,453
Less: commissions	450	469	536
Net deductions	29,550	31,275	32,917
Interest revenue (Note 4)	250	67	171
Total revenue	29,800	31,342	33,088
Expenses (Schedule 1)			
Grants	6,000	6,000	6,000
Administration	51,613	51,613	50,850
Valuation Allowance	---	657	---
Advisory committee honoraria and travel	200	---	298
Total expenses	57,813	58,270	57,148
Operating Deficit	$ (28,013)	(26,928)	(24,060)
Accumulated Operating Surplus, beginning of period		27,931	51,991
Transfers to:			
Semiarid Prairie Agriculture Research Centre		1,003	---
Accumulated Operating Surplus, end of period (Statement 1)		$ ---	$ 27,931

(See accompanying notes to the financial statements)

Statement 3

HORNED CATTLE FUND
STATEMENT OF CASH FLOWS
For the period April 1, 2016 to April 4, 2017 and the year ended March 31, 2016

	April 4, 2017	March 31, 2016
Cash flows from (used in) operating activities:		
Receipts from deductions	$ 26,760	$ 30,320
Interest and other receipts	109	216
Payments to suppliers and Advisory committee	(33,527)	(56,070)
Grant payments	(6,000)	(6,000)
Cash flows (used in) operating activities	(12,658)	(31,534)
Net (decrease) in cash and cash equivalents	(12,658)	(31,534)
Due from General Revenue Fund, beginning of period	12,658	44,192
Due from General Revenue Fund, end of period	$ ---	$ 12,658

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
NOTES TO THE FINANCIAL STATEMENTS
April 4, 2017

1. Legislative Authority

The Horned Cattle Fund (Fund) continued under *The Horned Cattle Purchases Act* (Act). The purpose of the Fund was to promote research and development in the livestock industry. The Fund was administered by an Advisory Committee established under the Act. The Committee authorized all grant payments from the Fund subject to the approval of the Minister of Agriculture.

Dealers purchase cattle with horns from producers at market prices. Section 3 of *The Horned Cattle Purchases Act* required the dealers to pay the producers' market price less $2 for each head of cattle sold with horns. Subsection 5(1) of *The Horned Cattle Purchases Regulations, 1983,* required dealers to remit the $2 deducted for each head of cattle less a $0.03 per head dealer commission to the Fund.

On June 20, 2002, *The Horned Cattle Purchases Amendment Act, 2002* (Act), was assented to by the Lieutenant Governor of Saskatchewan. This Act contained amendments to the current legislation. Under these amendments, the deductible amount would have increased from $2 per head to $10 per head for cattle sold with horns. The increase would have been effective when the Act was proclaimed. The Act was never proclaimed.

On April 4, 2017, *The Horned Cattle Purchases Repeal Act, 2016* was proclaimed. Under this Act, *The Horned Cattle Purchases Act* and *The Horned Cattle Purchases Amendment Act, 2002* were repealed. The Fund was wound up and the remaining surplus was transferred to the Semiarid Prairie Agricultural Research Centre (SPARC) in accordance with the Fund Advisory Committee recommendation.

2. Management's Responsibility

The Fund's management is responsible for the reliability and integrity of these financial statements. In discharging its responsibility for the reliability and integrity of these financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

3. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. A statement of change in net debt has not been prepared as information is readily determinable from the other statements. A statement of remeasurement gains and losses has not been prepared as the Fund does not have any remeasurement gains or losses.

The following accounting policies are considered significant:

a) Revenue:

Deductions revenue and related commissions are recognized when the cattle are sold.

Interest income is recognized as revenue when earned.

b) Grants:

Grants are recorded when approved and when the eligibility criteria, if any, have been met by the recipient.

c) Grant refunds:

Occasionally, grant recipients voluntarily return unused grant funds. Grant refunds are recorded as revenue when they are received.

4. Due from General Revenue Fund

The Fund's money was held in the General Revenue Fund. Interest was calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and was credited to the Fund on a quarterly basis. The Government's average thirty-day borrowing rate for 2016-17 was 0.54 per cent (2015-16 – 0.60 per cent).

5. Budget

The Advisory Committee approved the 2016-17 budget on February 29, 2016.

6. Financial Instruments and Risk

Accounts receivable, accrued interest receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the fair value of these instruments approximates the carrying value.

The Fund is not exposed to significant credit risk, market risk or liquidity risk from these financial instruments.

7. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

8. **Transfer of Financial Assets**

The Fund transferred excess surplus of $1,003 to SPARC in accordance with the Fund's Advisory Committee recommendation.

Schedule 1

HORNED CATTLE FUND
DETAILED LIST OF EXPENSES
For the period April 1, 2016 to April 4, 2017 and the year ended March 31, 2016

	April 4, 2017	March 31, 2016
Personal Services:		
Advisory member costs	$ ---	$ 298
Grants:		
Semiarid Prairie Agricultural Research Centre	6,000	6,000
Supplier Payments:		
Livestock Services of Saskatchewan	51,613	50,850
Other:		
Transfer to Semiarid Prairie Agricultural Research Centre	1,003	---
Valuation Allowance	657	---
	1,660	---
	$ 59,273	$ 57,148